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Cotton and Products Update

2016 West Africa Cotton and Products

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Report Highlights:

MY 2015/16 seed cotton production in Burkina Faso, Mali, Cote d'Ivoire, Senegal, and Chad decreased 16 percent from last season's (1.6 million tons) due to insufficient rainfall, as well as 5 percent from USDA official numbers. MY 2016/17 is estimated to increase by 24 percent (1.9 million tons). As a result of non-resolution of the issue between Burkinabe cotton actors and Monsanto, regarding the short fiber length issue, farmers decided not to plant Bt. cotton in MY2016/17. In August 2016, USDA /FAS and the National Cotton Council will host a meeting in the U.S., where CEOs from the C4 countries plus Senegal and two staff members from USAID C4CP Project will participate in discussions to identify West Africa Technical Assistance Scholarship Program (WATASP)'s research and technical assistance priorities. Mali and Burkina Faso have nominated new CEOs for their Cotton Industry, respectively.

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Executive Summary:

MY 2015/16 seed cotton production dropped 16 percent relative to last season's due to late rains at the beginning of the season and heavy rains at the end of the season. This situation resulted in decreased cotton yield and seed cotton production in most of the countries.

In MY 2016/17, selected countries estimate seed cotton production at 1.9 million tons, representing 24 percent increase compared to MY2015/16. However, due to the late start of the rainy season, Post believes the estimate is most likely to be revised after the end of the planting season.

Burkina Faso, the only West African Country that plants Bt. Cotton, decided not to do so this season due to the unsolved issue with Monsanto regarding the fiber length issue.

The *Compagnie Malienne pour Le Développement du Textile* (CMDT), the state owned cotton industry in Mali and the *Societe Burkinabe des Fibres Textiles* (SOFITEX), the biggest cotton company in Burkina, now have new CEOs.

Wilfried Yameogo, the new SOFITEX's CEO, was nominated in March 2016. Mr. Yameogo has extended experience working with the cotton actors as the Permanent Secretary for monitoring the liberalization of the cotton sector at the Ministry of Industry, Trade and Handicrafts since 2004. He participated in all the negotiations between Monsanto and the cotton industry. He has been designated to lead the negotiations between the three cotton companies in the country (SOFITEX, the Socoma and Faso Cotton) with local producers and Monsanto.

In Mali, the former CEO of the CMDT was replaced in December 2015, due to unresolved issues between the company and the federation of cotton producers.

In August 2016, USDA /FAS and the National Cotton Council will host CEOs from the C4 countries plus Senegal in the United States to discuss and identify West Africa Technical Assistance Scholarship Program (WATASP)'s research and technical assistance priorities. An invitation has been extended to two staff members of the USAID C4CP Project to participate in the meetings.

MY2015/16 cotton update and MY 2016/17 cotton production for selected West African countries

Burkina Faso

Due to the late and erratic rainfall during MY 201516 leaving some dry areas at the end of the season, Burkina Faso produced 581,000 tons of seed cotton, a 5 percent decrease compared to USDA official data and 7 percent drop from the Government initial target.

The beginning of the MY 2016/17 cotton planting campaign started well with enough rains. Burkina Faso forecasts 750,000 tons of seed cotton were planted over 751,000 hectares. In mid-July, 90 percent of the forecasted area had been sowed.

The fact that no solution has been found between cotton actors and the private U.S. company Monsanto, related to the shorter Bt. cotton fiber length issue introduced in 2008, Burkinabe farmers decided not to plant Bt. cotton in MY 2016/17. Cotton companies and producers are requesting financial compensation from the U.S. company. The cotton industry reported that the short fiber length negatively affected the image of Burkinabe cotton and trade in international markets.

MY 2016/17 input prices and farm gate cotton prices remain the same relative to previous year's 235 F CFA (\$0.39) (See table 2).

Mali

The CEO of the *Compagnie Malienne pour Le Développement du Textile* (CMDT) was replaced in December 2015 by Mr. Modibo Kone, after a series of problems between the company and the federation of cotton producers. The main issue was the adulterated fertilizer imports and farmers' claim of insufficient refund on the MY 2014/15 cotton sales. Mr. Modibo Kone started his career at the Office du Niger (ON) in the mid-1980s where he held various positions of responsibility before being recruited by the West African Development Bank (BOAD) in 1995. In this large financial institution dedicated to the development of West African States (BOAD), Mr. Kone developed and gained professional experiences at different levels of responsibilities until 2015 when he joined the CMDT as the CEO.

MY 2015/16 seed cotton production was not quite successful with only 513,000 tons of seed cotton produced, representing 7 percent and 2 percent decrease compared to Post March's estimate and USDA official data, respectively.

The beginning of the MY2016/17 season was quite difficult due to the shortfall of rains leaving numerous dry areas and a delay in the sowing schedule. Therefore, Mali is most likely to revise regain its target (650,000 tons) but Post continues to believe that seed cotton production may not exceed 600,000.

MY2016/17 seed cotton farm gate price was fixed at 250 F CFA (\$0.42) per kg, a 5 percent increase compared to previous year's price.

In the article published by the Ecofin Agence, the new CEO of the CMDT said that he will give a bonus of 2.7 billion CFA (\$4.5 million), as well as subsidized inputs to farmers. Mr. Modibo Kone believes increasing the farm gate price will boost the MY 2016/17 production and help reach the target of 650,000 tons.

Cote d'Ivoire

MY 2015/16 was not a good cotton campaign. Cote d'Ivoire only produced about 310,000 tons of seed cotton; a reduction of 31 percent compared to the last season and a 2 percent decrease from USDA official data.

Post expects Cote d'Ivoire MY 2016/17 seed cotton production to be close to 400,000 tons.

Senegal

Due to a lack of rains at the beginning of the planting season reducing the optimal period of sowing from 45 to 15 days, and too much rain at the end of the season, Senegal MY 2015/16 seed cotton production only reached 20,300 tons, a 35 percent decrease compared to Senegal's initial target and 63 percent drop from USDA official data. Yield for MY 2015/16 was 0.683 tons per hectare.

In MY2016/17, the rainy season started again very late and rainfalls were not regular. In mid-July, only 52 percent of the area was planted. Even though Senegal forecasts a seed cotton production at 25,000 tons, Post believes MY 2016/17 may remain the same relative to the previous year (20,000 tons).

MY 2016/17 input (fertilizer and Urea) prices are expected to remain the same relative to the previous year, while farm gate cotton price have not been fixed yet.

Chad

Chad is finalizing the collection of its MY 2015/16 seed cotton and estimates the production at 149,000 tons, a 16 percent decrease compared to USDA official data.

Despite a good start of the MY2016/17 rainfall season, Post believes seed cotton production may reach 180,000 tons, a 11 percent reduction compared to the country's forecast (200,000 tons) and 17 percent increase compared to USDA official data. Area planted in MY 2016/17 is estimated at 276,000 hectares, a 24 percent increase compared to the previous year.

Chad maintains the same input and farm gate cotton prices relative to last year (16,000 F (\$26.6) for fertilizer; 15,000 F (\$25) for Urea; and 240 F CFA (\$0.4) per kg for farm gate cotton).

Table 1: Seed Cotton Production: MY 2014/15 – MY 2016/17 (Aug-Jul)

Selected Countries	2014/15	2015/16	2016/17	2014/15	2015/16	2016/17
	Post Updated Data Production	Post Forecasted Data Production	Post Forecasted Data Production	Post Updated Data Production	Post Forecasted Data Production	Post Forecasted Data Production
	(000 Bales)	(000 Bales)	(000 Bales)	(000 Tons)	(000 Tons)	(000 Tons)
Burkina Faso	1,349	1,100	1,420	710	581	750
Mali	1,042	975	1,140	548	513	600
Cote d'Ivoire	855	589	760	450	310	400
Chad	270	283	340	142	149	180
Senegal	50	38	38	26	20	20
Total	3,566	2,985	3,698	1,876	1,573	1,950

(Source: FAS Dakar estimates and official country data)

*1 Bale = 480 lbs

**Table 2: Official Farm Gate Price for First Quality Seed Cotton*:
MY 2014/15 - MY 2016/17**

Selected Countries	Official 2014/15 Farm Gate Price for First Quality (F CFA)	Official 2015/16 Farm Gate Price for First Quality (F CFA)	Official 2016/17 Farm Gate Price for First Quality (F CFA)
Burkina Faso	225 (\$0.37)	235 (\$0.39)	235 (\$0.39)
Mali	235 (\$0.39)	237.5 (\$0.40)	250 (\$ 0.42)
Cote d'Ivoire	250 (\$0.42)	235 (\$0.39)	N/A
Chad	240 (\$0.40)	240 (\$0.40)	240 (\$0.40)
Senegal	255 (\$0.42)	255 (\$0.42)	N/A

*(Source: Official sources; \$1= 600 F CFA; F CFA per kg)

Table 3: Input prices for fertilizer and Urea MY 2014/15 - MY 2016/17

Countries	Official 2014/15 Input Price (F CFA)	Official 2015/16 Input Price (F CFA)	Official 2016/17 Input Price (F CFA)
Burkina Faso	Fertilizer: 14,800 (\$24.6) Urea: 14,800 (\$24.6)	Fertilizer: 15,000 (\$25.8) Urea: 15,000 (\$25.8)	Fertilizer: 15,000 (\$25.8) Urea: 15,000 (\$25.8)
Mali	Fertilizer: 11,000 (\$18.3) Urea: 11,000 F (\$18.3)	Fertilizer: 11,000 (\$18.3) Urea: 11,000 F (\$18.3)	N/A
Cote d'Ivoire	Fertilizer: 14,495 F CFA (\$24.1) Urea: 13,310 F CFA (\$22.1)	N/A	N/A
Chad	Fertilizer: 16,000 F (\$26.6) Urea: 15,000 F (\$25)	Fertilizer: 16,000 F (\$26.6) Urea: 15,000 F (\$25)	Fertilizer: 16,000 F (\$26.6) Urea: 15,000 F (\$25)
Senegal	Fertilizer: 12,500 F (\$20.8) Urea: 10,500 F (\$17.5)	Fertilizer: 11,880 F (\$19.67) Urea: 9,500 F (\$15.83)	Fertilizer: 11,880 F (\$19.67) Urea: 9,500 F (\$15.83)

*(Source: Official sources; \$1= 600 F CFA; F CFA per kg)

Production, Supply and Demand Data Statistics (1000 Hectares (HA), 1000 480 lb. Bales, PERCENT, KG/HA)

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Burkina	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	660	660	660	663	650	750
Beginning Stocks	255	255	465	339	350	260
Production	1350	1349	1150	1100	1200	1420
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1605	1604	1615	1439	1550	1680
Exports	1125	1250	1250	1164	1175	1365

Use	15	15	15	15	15	15
Loss	0	0	0	0	0	0
Total Dom. Cons.	15	15	15	15	15	15
Ending Stocks	465	339	350	260	360	300
Total Distribution	1605	1604	1615	1439	1550	1680

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Mali	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	540	540	545	545	550	650
Beginning Stocks	271	271	536	388	501	438
Production	1040	1042	990	975	1000	1235
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	1311	1313	1526	1363	1501	1673
Exports	750	900	1000	900	1000	1200
Use	25	25	25	25	25	25
Loss	0	0	0	0	0	0
Total Dom. Cons.	25	25	25	25	25	25
Ending Stocks	536	388	501	438	476	448
Total Distribution	1311	1313	1526	1363	1501	1673

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Cote d'Ivoire	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	415	415	400	402	400	400
Beginning Stocks	310	310	285	365	205	174
Production	855	855	600	589	750	760
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0

Total Supply	1165	1165	885	954	955	934
Exports	850	800	650	750	700	730
Use	30	0	30	30	30	0
Loss	0	0	0	0	0	0
Total Dom. Cons.	30	0	30	30	30	0
Ending Stocks	285	365	205	174	225	204
Total Distribution	1165	1165	885	954	955	934

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Chad	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	255	256	290	292	300	280
Beginning Stocks	36	36	76	46	71	51
Production	270	270	340	285	290	340
Imports	0	0	0	0	0	0
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	306	306	416	331	361	391
Exports	220	250	335	270	275	331
Use	10	10	10	10	10	10
Loss	0	0	0	0	0	0
Total Dom. Cons.	10	10	10	10	10	10
Ending Stocks	76	46	71	51	76	50
Total Distribution	306	306	416	331	361	391

Cotton	2014/2015		2015/2016		2016/2017	
Market Begin Year	Aug 2014		Aug 2015		Aug 2016	
Senegal	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	25	25	35	30	35	25
Beginning Stocks	13	13	8	13	13	6
Production	50	50	60	38	60	38
Imports	0	0	0	0	0	0

MY Imports from U.S.	0	0	0	0	0	0
Total Supply	63	63	68	51	73	44
Exports	50	45	50	40	55	35
Use	5	5	5	5	5	5
Loss	0	0	0	0	0	0
Total Dom. Cons.	5	5	5	5	5	5
Ending Stocks	8	13	13	6	13	4
Total Distribution	63	63	68	51	73	44